

**BEFORE THE  
SOUTH CAROLINA PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA**

**DOCKET NO. 2007-402-C**

**In the Matter of** \_\_\_\_\_ )

## Application of HTC

**Communications, LLC**

**For Designation as an Eligible**

**Telecommunications Carrier Pursuant**

to Section 241(e)(2) of the )

**Communications Act of 1934**

## DIRECT TESTIMONY OF LARRY SPAINHOUR

**Q: PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?**

A: My name is Larry S. Spainhour. My business address is: 3480 Hwy. 701 N., P.O. Box 1820, Conway, SC 29556.

**Q: WHAT IS YOUR POSITION WITH HTCC?**

A: I am the Director of Competitive Local Services for HTC Communications, LLC (“HTCC”).

**Q: HOW LONG HAVE YOU HELD THAT POSITION?**

A: Since 1999.

**Q: PRIOR TO BECOMING DIRECTOR OF COMPETITIVE LOCAL SERVICES FOR HTCC, WHAT OTHER POSITIONS HAVE YOU HELD IN THE TELECOMMUNICATIONS FIELD?**

A: I joined HTCC in August 1997 as Director, Wireless Operations. In 1999, CLEC operations were added to my responsibilities. Prior to joining HTCC, I spent 27 years working with the old Bell telecommunications companies. During that time, I worked with various BellSouth companies and held a variety of positions in the areas of

1 financial management, corporate planning and forecasting, until I left to join HTCC in  
2 August of 1997.

3 **Q: WHAT ARE YOUR RESPONSIBILITIES ON BEHALF OF HTCC?**

4 A: As Director of Competitive Local Services for HTCC, I am responsible for  
5 management of wireless sales and operations for the company. Beyond day-to-day  
6 operations, my responsibilities include budgeting for the wireless line of business,  
7 forecasting revenues and expenses and assisting with the priority of network build out  
8 and improvements.

9 **Q: WHAT IS YOUR EDUCATIONAL BACKGROUND?**

10 A: I was graduated from Guilford College in 1970 with a degree in economics. In 1976, I  
11 received a master's degree in economics from the University of North Carolina –  
12 Greensboro.

13 **Q: PLEASE DESCRIBE THE COMPANY'S WIRELESS OPERATIONS.**

14 A: HTCC is a common carrier that uses its own facilities to provide wireless voice and  
15 data services within Horry and portions of Georgetown Counties in South Carolina.  
16 HTCC has been providing service in these areas since 1991, first as a reseller, then as a  
17 facilities based carrier beginning in December 2000. HTCC's parent and owner, Horry  
18 Telephone Cooperative, Inc. ("Horry Telephone") is a rural telecommunications  
19 cooperative that has provided high-quality telecommunications services, including  
20 wireline services, to rural areas of South Carolina for over 50 years.

21 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

22 A: The purpose of my testimony is to support the November 6, 2007 application of HTCC  
23 to be designated as an Eligible Telecommunications Carrier, or "ETC," by the South

1 Carolina Public Service Commission (the “Commission”). Designating HTCC as an  
2 ETC will enable HTCC to receive federal universal service funding that is necessary  
3 for HTCC to fulfill its mission of providing affordable wireless service throughout its  
4 FCC licensed territory in South Carolina. My testimony will address the willingness of  
5 HTCC to comply with the standards for ETCs established by the Federal  
6 Communications Commission (“FCC”) and the standards presently utilized by this  
7 Commission. Further, my testimony will also address the specific ways that HTCC  
8 would use federal universal service funding that is consistent with the purposes for  
9 which it is intended.

10 **Q: WHY IS HTCC SEEKING ETC STATUS?**

11 **A:** HTCC, and its parent company, Horry Telephone, intend to expand HTCC’s wireless  
12 network to better provide universal services in the rural areas of its service territory.  
13 HTCC and its parent are committed to serving customers and community member  
14 owners in these areas and want to fulfill that commitment. To further that goal, HTCC  
15 is seeking ETC designation to advance the interests of its rural cooperative member  
16 owners, its customers, and the public at large.

17 **Q: IN YOUR CAPACITY AS DIRECTOR OF COMPETITIVE LOCAL SERVICES,**  
18 **HAVE YOU FAMILIARIZED YOURSELF WITH THE FCC’S**  
19 **REQUIREMENTS FOR DESIGNATION AS AN ETC?**  
20

21 **A:** Yes. The FCC requires that an applicant for ETC designation offer specific services  
22 through its own facilities or by using a combination of its own facilities and resale of  
23 another carrier’s facilities. The services that are designated for support under the  
24 FCC’s requirements are:

25 1. voice grade access to a public switched network;

2. local Usage;
3. dual-tone, multi-frequency ("DTMF") signaling;
4. single party service;
5. access to emergency services;
6. access to operator services;
7. access to interexchange service;
8. access to directory assistance; and
9. toll limitation for qualifying low income consumers.

**Q: WILL YOU PLEASE DESCRIBE HOW HTCC EITHER MEETS OR WILL MEET EACH OF THESE CRITERIA?**

**A:** Yes. My testimony below will summarize each of the respective requirements:

Voice grade access to a public switched network - HTCC's network currently enables a user to transmit and receive voice communications, including signaling associated with the transmission and receipt of telecommunications traffic, which is considered "voice grade access." HTCC's customers can place and receive voice grade calls to and from all users on the public switched telephone network. HTCC is able to provide this voice grade access through interconnection of HTCC facilities with the public switched telephone network pursuant to interconnection and operating agreements with local exchange, wireless and interexchange carriers.

Local Usage - FCC regulations require HTCC to demonstrate that it offers a local usage plan comparable to those offered by the incumbent LEC in the service areas where it seeks designation. It is my understanding that the FCC defines local usage as

1 a measure of exchange service usage that is provided to the customer for a fee, but  
2 without any additional charges. HTCC currently offers several calling plans and  
3 packages that are consistent with this requirement.

4 As is customary with wireless service, HTCC has multiple current service offerings  
5 that make no distinction between local and long distance usage. HTCC believes that  
6 its current plans are comparable to those offered by the incumbent local exchange  
7 carriers in the area, including its parent company, Horry Telephone. Additionally,  
8 wireless customers receive other benefits like mobility and toll-free long distance  
9 calling that compare with or exceed the service offered by the incumbent local  
10 exchange carrier. While it is difficult to make direct comparisons between local usage  
11 with HTCC's wireless plans and those of the incumbent local exchange carrier, I  
12 believe that HTCC's current service offerings satisfy the FCC's requirement in this  
13 regard.

14 DTMF Signaling - HTCC currently utilizes out-of-band signaling and in-band multi-  
15 frequency signaling that is the functional equivalent of DTMF. It is my understanding  
16 that the FCC permits wireless carriers to provide methods of signaling that are  
17 functionally equivalent to DTMF to satisfy this service. As a result, I believe HTCC  
18 satisfies this requirement.

19 Single-Party Service - HTCC currently allows each customer to use a dedicated  
20 message path for the duration of their transmission. As a result, HTCC provides single  
21 party service and satisfies this requirement.

22 Access to Emergency Services - HTCC currently provides customers with access to  
23 enhanced emergency services by dialing "911," and therefore, meets this requirement.

1 Access to emergency services through HTCC's wireless network is limited, however,  
2 by the strength and coverage of the current network. If HTCC is granted ETC  
3 designation, HTCC will use universal support funds to expand the strength and  
4 coverage of its network that will provide customers and visitors greater access to  
5 emergency services. This is particularly true for customers and visitors located in  
6 remote, un-served or underserved parts of HTCC's service territory.

7 Access to Operator Services - HTCC meets this requirement by providing its customers  
8 access to live operator services by dialing zero.

9 Access to Interexchange Services - HTCC has interconnection agreements with  
10 interexchange carriers that allow HTCC to provide customers with access to  
11 interexchange services. By doing so, HTCC customers can send and receive calls to  
12 and from customers located anywhere on the public switched network.

13 Access to Directory Assistance - HTCC provides access to directory assistance by  
14 dialing "411," thereby satisfying this requirement.

15 Toll Limitation for Qualifying Low-Income Consumers - Because some of HTCC's  
16 current calling plans do not make a distinction between local and toll calls, HTCC's  
17 customers do not need toll limitation services. As set forth in its application, however,  
18 if HTCC is designated as an ETC, HTCC will offer toll limitation services to address  
19 the needs of qualifying low-income customers who are interested in obtaining a basic  
20 wireless connection to the public telephone network. These services will also be  
21 provided to lifeline customers with appropriate limits on the customer's wireless service  
22 for calls beyond what the customer wants to pay for.

1 **Q: FCC RULES AND REGULATIONS REQUIRE AN ETC TO ADVERTISE THE**  
2 **AVAILABILITY OF SERVICES DESIGNATED FOR SUPPORT**  
3 **THROUGHOUT ITS SERVICE AREA. HOW WILL HTCC SATISFY THIS**  
4 **REQUIREMENT?**

5  
6 A: HTCC will advertise the availability of the services that are supported by federal  
7 universal support mechanisms, described above, and their applicable charges using  
8 various forms of local media and advertising. HTCC will advertise these offerings in a  
9 manner that is designed to: fully inform potential customers of the services available to  
10 them; disclose all associated rates; and to ensure qualifying low-income individuals  
11 are informed about the availability and cost of these offerings. The affidavit of  
12 HTCC's CEO, Curley P. Huggins, submitted as Exhibit A to its application, affirms  
13 HTCC's commitment to satisfy this requirement.

14 **Q: IN ADDITION TO THE REQUIREMENTS DISCUSSED ABOVE, THE FCC**  
15 **HAS ADOPTED ADDITIONAL CRITERA FOR STATE COMMISSIONS TO**  
16 **UTILIZE WHEN CONSIDERING DESIGNATION OF AN ETC. WHAT ARE**  
17 **THESE CRITERIA?**

18 A: The FCC provides that an ETC applicant must demonstrate:  
19 1) a commitment to provide service throughout its proposed designated service  
20 area to all customers making a reasonable request for service;  
21 2) the ability to remain functional in emergency situations;  
22 3) that it will satisfy applicable consumer protection and service quality standards;  
23 4) that it offers a local usage plan comparable to the one offered by the incumbent LEC  
24 in the service areas for which its seeks designation;  
25 5) that it acknowledges the FCC may require it to provide equal access to long distance  
26 carriers in the event that no other eligible carrier is providing equal access within the  
27 service area;

6) that it does or will offer the services that are supported by the universal service support mechanisms;

7) that it does or will advertise in a media of general distribution the availability of such services; and

8) that designating the applicant as an ETC is in the public interest.

**Q: PLEASE EXPLAIN HOW HTCC WILL MEET EACH OF THESE ADDITIONAL CRITERIA**

A: Yes. They can be summarized as follows:

1. Providing service throughout its designated service area to all customers making a reasonable request

HTCC will continue to follow its present practice of providing service on a timely basis to all customers within HTCC's service area that make a reasonable request where HTCC's existing network provides coverage of the potential customer's premises. HTCC will immediately provide service to these potential customers upon request. For potential customers located within HTCC's licensed area, but outside of its existing network coverage, HTCC will respond to a request for service by following the six step process specified by the FCC and this Commission's proposed regulation to determine if service can be provided at a reasonable cost. Those steps are:

- (1) Modifying or replacing the customer's equipment;
- (2) Deploying a roof-mounted antennae or other equipment;
- (3) Adjusting the nearest cell tower;
- (4) Adjusting network or customer facilities;
- (5) Reselling services from another carrier's facilities to provide service; or



1 (6) Employing, leasing or constructing an additional cell site, cell extender,  
2 repeater or other similar equipment.

3 In the event that HTCC cannot provide service to this category of requesting customer  
4 after following those steps, it will provide notice to the requesting party and make any  
5 reports that are required by the Commission and the FCC.

6 2. The ability to remain functional in emergency situations

7 HTCC is committed to remaining functional in emergency situations and its network is  
8 designed to do so. HTCC's network has battery backup or permanent generators at all  
9 of its cell sites and can deploy cellular on wheels or "COWs" and portable generators  
10 that can be driven to cell sites or locations affected by emergency conditions. HTCC's  
11 network also has the ability to re-route traffic in response to emergency conditions.  
12 Similarly, HTCC monitors its sites twenty-four hours a day and seven days a week with  
13 sophisticated equipment capable of detecting disruptions caused by emergency situations  
14 that allow HTCC to respond quickly and accordingly.

15 3. Consumer protection and service quality standards

16 HTCC is currently committed to compliance with the CTIA Code for its entire network  
17 and operations and will continue to abide by the CTIA Code if designated as an ETC.

18 It is my understanding that compliance with the CTIA code satisfies the requirements of  
19 the FCC and the Commission that apply to consumer protection and service quality  
20 standards. If designated as an ETC, HTCC will report to the FCC and the Commission  
21 on the number of customer complaints it receives each year as required, and both of  
22 those bodies will have the ability to monitor whether HTCC is satisfying its  
23 commitment to service quality and consumer protection.

1           4.     Local usage plans comparable to the one offered by the incumbent LEC

2           My earlier testimony addresses HTCC's commitment to abide by the FCC's  
3           requirement that an ETC offer a local usage plan that is comparable to those offered by  
4           the incumbent local exchange carrier. As mentioned above, I believe that HTCC's  
5           current service plans are comparable and in some instances exceed those offered by the  
6           incumbent local exchange carrier.

7           5.     Equal access to long distance carriers

8           HTCC has certified in its application for designation as an ETC, that it will provide  
9           equal access to long distance carriers in the event that no other ETC is providing equal  
10          access within its service territory. In support of that certification, HTCC submitted the  
11          affidavit of its CEO, Curley P. Huggins, as Exhibit A to the application. It is worth  
12          noting that the incumbent local exchange carrier in the majority of HTCC's service  
13          territory is Horry Telephone Cooperative, HTCC's parent company. Horry Telephone,  
14          as a regulated local exchange carrier is required to provide equal access to long distance  
15          carriers.

16       **Q:   DOES HTCC PROVIDE THE SUPPORTED SYSTEMS USING ITS OWN**  
17       **FACILITIES OR A COMBINATION OF ITS OWN FACILITIES AND RESALE**  
18       **OF ANOTHER CARRIER'S SERVICES PER THE FCC REQUIREMENT?**

19       **A:**   Yes. HTCC provides the supported services using its own facilities or a combination of  
20       its own facilities and the resale of another carrier's services. HTCC primarily uses its  
21       own network infrastructure that is located within its service territory. HTCC currently  
22       has 71 cell sites throughout its service area that enable it to provide the supported  
23       services. Each of these sites are connected to a central interface. Those facilities are  
24       then connected to multiple high capacity transport facilities that connect to AT&T's

wireless mobile switching office in Columbia, South Carolina, where the calls are switched to the public switched network or other wireless users.

**Q: IN WHAT SPECIFIC AREA IS HTCC SEEKING ETC DESIGNATION?**

A: HTCC seeks designation as an ETC in its entire licensed service territory. That service area includes the entire rural study area of the local exchange carrier Horry Telephone, which covers much of Horry County and portions of Georgetown County. HTCC's licensed service territory also includes the non-rural service areas of Verizon South, Inc. that are located in Horry County.

**Q: DOES HTCC'S REQUEST FOR ETC DESIGNATION IMPLICATE CONCERNS OF CREAM-SKIMMING?**

A: No. HTCC's request for designation as an ETC does not involve cream-skimming. The FCC's cream-skimming analysis is required when a carrier seeks ETC designation in some, but not all, of a study area served by a rural incumbent local exchange carrier. Such a request creates concerns about whether the ETC has chosen to serve only higher density, lower cost, and thus more profitable areas. HTCC has not done that here. Instead, HTCC has requested ETC designation in its entire licensed service territory. That territory includes the entire rural study area of the incumbent local exchange carrier Horry Telephone, and portions of the non-rural service areas of incumbent local exchange carrier Verizon South, Inc., that lay within HTCC's licensed service territory.

**Q: HOW WILL HTCC USE UNIVERSAL SERVICE FUNDS IF IT IS DESIGNATED AS AN ETC?**

A: HTCC will use all of the universal support funds it receives on capital investments and related costs to maintain, expand, enhance and deliver high-quality wireless services

1 throughout its service territory. Designation as an ETC, and receipt of universal  
2 service support will allow HTCC to expand its network and provide service to areas  
3 where the existing network does not currently provide service. In other portions of our  
4 territory that have some level of existing coverage, universal support will enable HTCC  
5 to upgrade the existing signal strength to improve coverage consistency. HTCC's  
6 network expansion and upgrades will ensure that customers and visitors are able to  
7 make use of the up-to-date wireless technology within HTCC's service territory.  
8 HTCC has also prepared and submitted a confidential two-year network improvement  
9 plan that details HTCC's plan for utilizing universal service funds. Ryan Graham,  
10 HTCC's Supervisor of Plant Engineering Design has submitted testimony that addresses  
11 HTCC's network improvement plan in more detail.  
12 In addition to submitting the two-year network improvement plan, HTCC is also  
13 committed to providing the Commission with annual updates that account for HTCC's  
14 use of universal service funds and projections for future expenditures. These updates  
15 will provide the Commission with current and detailed information on an annual basis  
16 to aide in evaluating HTCC's annual ETC re-certification and the manner in which  
17 HTCC used and plans to use universal support funds.

18 **Q: WILL DESIGNATING HTCC AS AN ETC PROMOTE THE PUBLIC**  
19 **INTEREST?**

20  
21 **A:** Yes. Granting HTCC's application will enable HTCC to provide high-quality wireless  
22 service to customers that might not otherwise be able to obtain that service. HTCC's  
23 designation as an ETC will also allow customers, visitors and the public in general to  
24 take advantage of increased network coverage area and greater access to emergency

1 services. Without universal service support, HTCC will not be able to construct the  
2 new facilities and network improvements identified in its network improvement plan  
3 that primarily benefit areas with no coverage or limited coverage where market  
4 conditions simply do not warrant additional investment by HTCC.

5 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

6 **A.** Yes. Thank you.

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**CERTIFICATE OF SERVICE**

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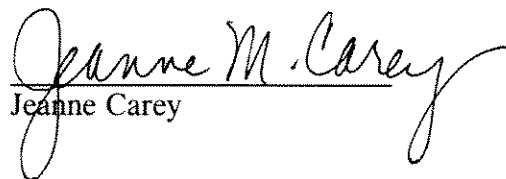
I hereby certify that on December 11, 2007, I served one copy of the following:

Direct Testimony of Mr. Larry Spainhour, and the

Direct Testimony of Mr. Ryan Graham

by placing the testimonies in the U.S. Mail with first class postage paid the following individuals:

Nanette S. Edwards, Esq.  
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\_\_\_\_\_  
Jeanne Carey

Columbia, South Carolina  
January 17, 2008